

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House  
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**FISCAL IMPACT STATEMENT**

**LS 6295**

**BILL NUMBER: SB 88**

**DATE PREPARED:** Nov 14, 2001

**BILL AMENDED:**

**SUBJECT:** Insurance Coverage for Police Reserve Officers.

**FISCAL ANALYST:** Michael Molnar

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**FUNDS AFFECTED: X GENERAL  
DEDICATED  
FEDERAL**

**IMPACT:** State & Local

**Summary of Legislation:** This bill requires every city, town, and county to provide life and disability insurance for the unit's police reserve officers. The bill requires (rather than allows) a police reserve officer to be covered by the medical treatment and burial expense provisions of the worker's compensation law and the worker's occupational diseases law.

**Effective Date:** January 1, 2003.

**Explanation of State Expenditures:** The Workers Compensation Board would experience minimal administrative expense due to the provisions of this bill. However, the Board should be able to cover any additional expenses given its current budget.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:** This bill requires that all units provide insurance for police reserve officers: (1) for medical payments under workers compensation; and (2) insurance premiums for the minimum benefit levels specified (\$150,000 payment for total disability and \$250 per week for 260 weeks).

There are approximately 2,828 reserve officers in the state, and it is unknown how many currently have medical or disability insurance. This bill may change the premiums paid by those units whose benefits are below that currently specified. The following factors apply in the fiscal impact for local units required to pay for insurance under this bill.

*Workers Compensation Premium:* The bill provides coverage similar to that provided for salaried employees by the Workers Compensation Board. Based on 2001 data, coverage for police officers for medical and burial benefits was \$1.07 per \$100 salary. (Note: This cost may increase as of November 2001.) Since reserve officers are unsalaried, an adaptation for volunteer coverage (applied in other insurance volunteer cases) is

to provide insurance for the salary the reserve officer would have been paid for the service. For example, units would pay \$235 to \$395 annually for full-time officers making \$22,000 to \$37,000 a year. Under this scenario, the premium could be assessed based on the time spent in reserve duties. Based on this assumption, a unit might pay \$59 to \$100 annually for each reserve officer who works ten hours a week. Workers compensation is also the primary insurance for all medical expenses related to job injuries (before other medical insurance would take over).

*Additional Medical, Disability, and Death Coverage:* The bill provides for additional medical coverage as well as benefits for total disability and death during the performance of reserve officer duties. Based on discussion with insurance providers with some experience in insuring police officers, premium estimates vary due to the following: (1) amount of time reservists serve on duty; (2) the total number of reservists to be insured in each jurisdiction; and (3) lack of experience in insuring reserve officers. Premiums quoted ranged from \$200 up to \$3,000 per person in 1999 for the benefits stated in this bill. The quoted rate for disability insurance of \$150,000 payment and \$250 per week for 260 weeks is \$100 per officer.

*Local Insurance Coverage Examples:* The following provides three local insurance comparisons (based on 2001 data - unless noted).

*Volunteer Firefighter Coverage:* Quoted rates for 22,000 volunteer firefighters in Indiana for similar benefits listed in this bill required an annual premium of \$112 per volunteer firefighter for total disability (this does not include the added medical or death benefit and represents 1999 data).

*County Sheriff and Town Police Examples:* County health benefits for single Clark County salaried employees, including the sheriff's department (31 FT officers/50 reservists), are \$220 annually for medical and death (\$15,000) benefits. The Crawfordsville Police Department (30 FT officers/11 reservists) currently does carry workers compensation, as well as other insurance for reserve officers: medical benefits (up to \$10,000), disability (\$300 weekly for up to 52 weeks), and death (\$75,000) at an annual premium cost of \$1,000.

### **Explanation of Local Revenues:**

**State Agencies Affected:** Worker's Compensation Board

**Local Agencies Affected:** Local law enforcement agencies.

**Information Sources:** Charlie Burch, Indiana Law Enforcement Training Academy (317) 839-5191; Mike Ward, Indiana Chiefs of Police (317) 816-1619; Troy Fornof, Provident Insurance (888) 712-2301; Tim Downey, Tim Downey Insurance, (800) 382-8837; Chief David Johnson, Crawfordsville Police Department, (765) 362-3762; Margie Hommel, Clark County Auditors Office (812) 285-6211; Mike McCormick, McCormick and Mesker Insurance (765) 362-3795; Ron Cooper, Indiana Compensation Rating Bureau (317) 842-2800; Natalie Fierek, Worker's Compensation Board, (317) 233-3384; Mark Webb, Public Employees Retirement Fund, (317) 233-4137, Tim Downey, Timothy R. Downey Insurance, (800) 382-8837.